(i) Subject No. 64 Reduction of the rate of Income-tax levied on Joint Stock Companies. (ii) Subject No. 67 Local Committees for assessment and relaxation of rules re accounts.

We have also considered the marginally noted representations discussed at the last Dasara Session of the Representative Assembly and referred to us, and we are of opinion that no change in the law as suggested is called for.

We recommend that the Bill be passed as amended by us and that the Bill as amended be published in the Gazette.

MIR HAMZA HUSEIN.
K. P. PUTTANNA CHETTY.
M. SHAMA RAO.
H. CHENNIAH.
M. N. KRISHNA RAO.
K. CHANDY.
K. MATTHAN.
K. SHANKARANARAYANA RAO.
B. ABDUR RAHMON.
N. S. NANJUNDIAH.
M. C. RANGIENGAR.

Mysore Income-tax Bill.

Bill to consolidate and amend the law relating to Income-tax and to provide for the levy of Super-tax, as amended by the Select Committee.

(Changes made by the select committee are indicated in italics.)

WHEREAS it is expedient to consolidate and amend the law relating to Income-tax and to provide for the levy of Super-tax; His Highness the Maharaja is pleased to enact as follows:—

Short title, extent and commencement.

1. (*1*) This Regulation may be called the Mysore Income-tax Regulation, 1923.

(2) It extends to the whole of Mysore.

(3) It shall come into force on the first day of *July 1923*.

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(*1*) "agricultural income" means—

(*a*) any rent or revenue derived from land which is used for agricultural purposes, and is either assessed to land revenue in Mysore or subject to a local rate assessed and collected by officers of Government as such;

(*b*) any income derived from such land by—

(*i*) agriculture, or

(*ii*) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(*iii*) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him in respect of which no process has been performed other than a process of the nature described in sub-clause (*ii*);

(c) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such land, or occupied by the cultivator, or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in sub-classes (*ii*) and (*iii*) of clause (*b*) is carried on:

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue or the cultivator or the receiver of the rent-in-kind by reason of his connection with the land, requires as a dwelling-house, or as a store-house, or other out-building;

(2) "assessee" means a person by whom Income-tax is payable;

(3) "business" includes any trade, commerce, or manufacture or any adventure or concern in the nature of trade, commerce or manufacture;

(4) "Commissioner" means a person appointed to be Commissioner of Income-tax under section 5.

(5) "company" means a company as defined in the Mysore Companies Regulation, 1917, or formed in pursuance of an Act of Parliament or of Royal Charter or Letters Patent, or of an Act of the legislature of a British possession, and includes any foreign association carrying on business in Mysore whether incorporated or not, and whether its principal place of business is situate in Mysore or not, which the Government may, by general or special order, declare to be a company for the purposes of this Regulation;

(6) "Deputy Commissioner" means a person appointed to be a Deputy Commissioner of Income-tax under section 5;

(7) "Income-tax Officer" means a person appointed to be an Income-tax Officer under section 5;

(8) "Magistrate" means a Magistrate of the first class, or a Magistrate of the second class specially empowered by the Government to try offences against this Regulation;

(9) "person" includes a Hindu undivided family;

(10) "prescribed" means prescribed by rules made under this Regulation;

(11) "previous year" means—

(a) the twelve months ending on the 30th day of June next preceding the year for which the assessment is to be made, or, if the accounts of the assessee have been made up to a date within the said twelve months in respect of a year ending on any date other than the said 30th day of June, then at the option of the assessee the year ending on the day to which his accounts have so been made up:

Provided that, if this option has once been exercised by the assessee, it shall not again be exercised so as to vary the meaning of the expression "previous year" as then applicable to such assessee except with the consent of the Income-tax Officer and upon such conditions as he may think fit; or

(*b*) in the case of any person, business or company or class of person, business or company, such period as may be determined by the Government or by such authority as the Government may authorise in this behalf;

(*12*) "principal officer," used with reference to a local authority or a company or any other public body or association, means—

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association, or

(*b*) any person connected with the authority, company, body or association upon whom the Income-tax Officer has served a notice of his intention of treating him as the principal officer thereof;

(*13*) "public servant" has the same meaning as in the Indian Penal Code;

(14) "Registered firm" means a firm constituted under an instrument of partnership specifying the individual shares of the partners of which the prescribed particulars have been registered with the Income-tax Officer in the prescribed manner;

(15) "Total income" means total amount of income, profits and gains from all sources to which this Regulation applies computed in the manner laid down in section 16; and

(16) "Unregistered firm" means a firm which is not a registered firm.

CHAPTER I.

CHARGE OF INCOME-TAX.

3. Income-tax shall be charged for the year beginning with the first day of July *1923* and in respect of each subsequent year, at the rate or rates specified in Schedule I, in accordance with and subject to the provisions of this Regulation, in respect of all income, profits and gains of the previous year of every individual, company, firm and Hindu undivided family.

Application of Regulation.

4. (1) Save as hereinafter provided, this Regulation shall apply to all income, profits or gains, as described or comprised in section 6, from whatever source derived, accruing or arising, or received in Mysore, or deemed under the provisions of this Regulation to accrue, or arise, or to be received in Mysore.

(2) Profits and gains of a business accruing or arising without Mysore to a person resident in Mysore

shall be deemed to be profits and gains of the year in which they are received or brought into Mysore, notwithstanding the fact that they did not so accrue or arise in that year, provided that they are so received or brought in within three years of the end of the year in which they accrued or arose.

Explanation.—Profits or gains accruing or arising without Mysore shall not be deemed to be received or brought into Mysore within the meaning of the sub-section by reason only of the fact that they are taken into account in the balance sheet prepared in Mysore.

(3) This Regulation shall not apply to the following classes of income:—

(i) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied or finally set apart for application, thereto.

(ii) Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes.

(iii) The income of local authorities.

(iv) Interest on securities which are held by, or are the property of, any Provident Fund to which the Provident Funds Regulation, 1916, applies.

(v) Any capital sum received in commutation of the whole or a portion of a pension, or in the nature of consolidated compensation for death or injuries, or in payment of any insurance policy, or as the accumulated balance at the credit of a subscriber to any such Provident Fund.

(vi) Any special allowance, benefit or perquisite *specifically* granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

(vii) Any receipts not being receipts arising from business or the exercise of a profession, vocation or occupation, which are of a casual and non-recurring nature, or are not by way of addition to the remuneration of an employee.

(viii) Agriculture income.

(ix) Interest received on any security of the Government of India.

In this sub-section "Charitable purposes" includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility.

CHAPTER II.

Income-tax Authorities.

Income-tax authorities.

5. (1) There shall be the following classes of Income-tax authorities for the purposes of this Regulation, namely:—

(*a*) Commissioner of Income-tax,

(*b*) Deputy Commissioners of Income-tax, and

(*c*) Income-tax Officers.

(2) *The Commissioner of Income-tax, Deputy Commissioners of Income-tax and Income-tax officers shall be appointed by the Government by notification in the Official Gazette. They shall perform their functions in respect of such classes of persons and such classes of income and in respect of such areas as the Government may direct. The Government may, by general or special notification in the Official Gazette, direct that the powers conferred on the Income-tax Officer and the Deputy Commissioner by or under this Regulation shall, in respect of any specified case or classes of cases, be exercised by the Deputy Commissioner and the Commissioner, respectively, and for the purposes of any case in respect of which such notification applies references in this Regulation or in any rules made hereunder to the Income-tax Officer and the Deputy Commissioner shall be deemed to be references to the Deputy Commissioner and the Commissioner, respectively.*

(3) Deputy Commissioners of Income-tax and Income-tax Officers appointed under sub-section (2) shall, for the purposes of this Regulation be subordinate to the Commissioner of Income-tax.

CHAPTER III.

Taxable Income.

Heads of income chargeable to Income-tax.

6. Save as otherwise provided by this Regulation, the following heads of income, profits and gains, shall be chargeable to income-tax in the manner hereinafter appearing, namely:—

(i) Salaries.
(ii) Interest on securities.
(iii) Property.
(iv) Business.
(v) Professional earnings.
(vi) Other sources.

Salaries.

7. (1) The tax shall be payable by an assessee under the head "Salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits received by him in lieu of, or in addition to, any salary or wages, which are paid by or on behalf of Government, a local authority, a company or any other public body or association, or by or on behalf of any private employer.

Provided that the tax shall not be payable in respect of any sum deducted under the authority of Government from the salary of any individual for the purpose of securing to him a deferred annuity or of making provision for his wife or children, provided that the sum so deducted shall not exceed one-sixth of the salary.

(2) Any income which would be chargeable under this head if paid in Mysore shall be deemed to be so chargeable if paid to a Mysore subject or any employee of the Government of Mysore *outside Mysore* by Government or by a local authority established by Government.

Interest on securities.

8. The tax shall be payable by an assessee under the head "Interest on securities" in respect of the interest receivable by him on any security of the Government of Mysore, or on debentures or other securities for money issued by or on behalf of a local authority or a company.

Provided that no income-tax shall be payable on the interest receivable on any security of the Government of Mysore issued or declared to be income-tax free.

Property

9. (1) The tax shall be payable by an assessee under the head "Property" in respect of the *bona fide* annual value of property consisting of any buildings or lands appurtenant thereto of which he is the owner, other than such portions of such property as he may occupy for the purposes of his business, subject to the following allowances, namely:—

(i) where the property is in the occupation of the owner, or where it is let to a tenant and the owner has undertaken to bear the cost of repairs, a sum equal to one-sixth of such value;

(ii) where the property is in the occupation of a tenant who has undertaken to bear the cost of repairs, the difference between such value and the rent paid by the tenant up to, but not exceeding one-sixth of, such value;

(iii) the amount of any annual premium paid to insure the property against risk of damage or destruction;

(iv) where the property is subject to a mortgage or charge or to a ground rent, the amount of any interest on such mortgage or charge or of any such ground rent;

(v) any sums paid on account of land revenue, *local rates or municipal taxes* in respect of the property;

(vi) in respect of collection charges, a sum not exceeding the prescribed maximum;

(vii) in respect of vacancies, such sum as the Income-tax Officer may determine having regard to the circumstances of the case;

Provided that the aggregate of the allowances made under this sub-section shall in no case exceed the annual value.

(2) For the purposes of this section, the expression "Annual value" shall be deemed to mean the sum for which the property might reasonably be expected to let from year to year:

Provided that, where the property is in the occupation of the owner for the purposes of his own residence, such sum shall, for the purposes of this section, be deemed not to exceed ten per cent of the total income of the owner.

Business.

10. (1) The tax shall be payable by an assessee under the head "Business" in respect of the profits or gains of any business carried on by him.

(2) Such profits or gains shall be computed after making the following allowances, namely :—

(i) any rent paid for the premises in which such business is carried on, provided that, when any substantial part of the premises is used as a dwelling house by the assessee, the allowance under this clause shall be such sum as the Income-tax Officer may determine having regard to the proportional part so used;

(ii) in respect of repairs, where the assessee is the tenant only of the premises, and has undertaken to bear the cost of such repairs, the amount paid on account thereof, provided that, if any substantial part of the premises is used by the assessee as a dwelling house, a proportional part only of such amount shall be allowed;

(iii) in respect of capital borrowed for the purposes of the business, where the payment of interest thereon is not in any way dependent on the earning of profits, the amount of the interest paid;

Explanation:—Recurring subscriptions paid periodically by shareholders or subscribers in such Mutual Benefit Societies as may be prescribed, shall be deemed to be capital borrowed within the meaning of this clause.

(iv) in respect of insurance against risk of damage or destruction of buildings, machinery, plant, furniture, stocks or stores, used for the purposes of the business, the amount of any premium paid;

(v) in respect of current repairs to such buildings, machinery, plant, or furniture, the amount paid on account thereof;

(vi) in respect of depreciation of such buildings, machinery, plant, or furniture being the property of the assessee, a sum equivalent to such percentage on the original cost thereof to the assessee as may in any case or class of cases be prescribed;

Provided that—

(*a*) the prescribed particulars have been duly furnished;

(*b*) where full effect cannot be given to any such allowance in any year owing to there being no profits or gains chargeable for that year, or owing to the profits or gains chargeable being less than the allowance, the allowance or part of the allowance to which effect has not been given, as the case may be, shall be added to the amount of the allowance for depreciation for the following year and deemed to be part of that allowance, or, if there is no such allowance for that year, be deemed to be the allowance for that year, and so on for succeeding years; and

(*c*) the aggregate of all such allowances made under this Regulation or *under the Mysore Income-tax Regulation, 1920*, shall, in no case

exceed the original cost to the assessee of the buildings, machinery, plant, or furniture, as the case may be;

(vii) in respect of any machinery or plant which, in consequence of its having become obsolete, has been sold or discarded, the difference between the original cost to the assessee of the machinery or plant as reduced by the aggregate of the allowances made in respect of depreciation under clause (vi), or *under the Mysore Income-tax Regulation, 1920*, and the amount for which the machinery or plant is actually sold, or its scrap value;

(viii) any sums paid on account of land revenue, local rates or municipal taxes in respect of such part of the premises as is used for the purposes of the business;

(ix) any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of earning such profits or gains;

(3) In sub-section (2), the word "paid" means actually paid or incurred according to the method of accounting upon the basis of which the profits or gains are computed under this section.

(4) In computing the profits *or gains* of a business which has its headquarters in Mysore but has branches also in British India, or which is carried on partly in Mysore and partly in British India, a deduction shall be allowed of the amount of profits *or gains appearing to the Assessing Officer to be due to the transactions in British India.*

Professional earnings.

11. (1) The tax shall be payable by an assessee under the head "Professional earnings" in respect of the profits or gains of any profession or vocation followed by him.

(2) Such profits or gains shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purposes of such profession or vocation, provided that no allowance shall be made on account of any personal expenses of the assessee.

(3) Professional fees paid *outside Mysore* to a person ordinarily resident in Mysore shall be deemed to be profits or gains chargeable under this head.

Other sources.

12. (1) The tax shall be payable by an assessee under the head "Other sources" in respect of income, profits and gains of every kind and from every source to which this Regulation applies (if not included under any of the preceding heads).

(2) Such income, profits and gains shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of making or earning such income, profits or gains, provided that no allowance shall be made on account of any personal expensesof the assessee.

Method of accounting.

13. Income profits and gains shall be computed, for the purposes of sections 10, 11 and 12, in accordance with the method of accounting regularly employed by the assessee.

Provided that, if no method of accounting has been regularly employed, or if the method employed is such that, in the opinion of the Income-tax Officer, the income, profits and gains cannot properly be deduced therefrom, then the computation shall be made upon such basis and in such manner as the Income-tax Officer may determine.

Exemptions of a general nature.

14. (1) The tax shall not be payable by an assessee in respect of any sum which he receives as a member of a Hindu undivided family.

(2) The tax shall not be payable by an assessee in respect of—

(*a*) any sum which he receives by way of dividend as a shareholder in a company where the profits or gains of the company have been assessed to income-tax; or

(*b*) such an amount of the profits or grains of any firm which have been assessed to income-tax as is proportionate to his share in the firm.

Exemption in the case of life insurances.

15. (1) The tax shall not be payable by an assessee in respect of any sums paid by him to effect an insurance on his own life or on the life of his wife, or in respect of a contract for a deferred annuity on his own life or on the life of his wife, or as a contribution to any Provident Fund to which the Provident Funds Regulation, 1916, applies.

(2) Where the assessee is a Hindu undivided family, there shall be exempted under sub-section (1) any sums paid to effect an insurance on the life of any male member of the family or of the wife of any such member.

(3) The aggregate of any sums exempted under this section shall not, together with any sums exempted under the proviso to sub-section (1) of section 7, exceed one-sixth of the total income of the assessee.

Exemptions and exclusions in determining the total income.

16. (1) In cpmputing the total income of an assessee sums exempted under the proviso to sub-section (1) of section 7, the proviso to section 8, sub-section (2) of section 14 and section 15, and profits or gains in British India of any business carried on both in British India and in Mysore, *in respect of which deduction is allowed under section 10, sub-section* (4) shall be included.

(2) For the purpose of sub-section (1), any sum mentioned in clause (*a*) of sub-section (2) of section 14 shall be increased by the amount of income-tax payable by the company in respect of the dividend received.

Reduction of tax which margin above a certain limit is small.

17. Where owing to the fact that the total income of any assessee has reached or exceeded certain limit, he is liable to pay income-tax of to pay income-tax at a higher rate, the amount of income-tax payable by him shall, where necessary, be reduced so as not to exceed the aggregate of the following amounts, namely:—

(*a*) the amount which would have been payable if his total income had been a sum less by one rupee than that limit, and

(b) the amount by which his total income exceeds that sum.

CHAPTER IV.

DEDUCTIONS AND ASSESSMENT.

Payment by deduction at source.

18. (1) Income-tax shall, unless otherwise prescribed in the case of any security of the Government of Mysore, be leviable in advance, by deduction at the time of payment in respect of income chargeable under the following heads :—

(*i*) "Salaries"; and

(*ii*) "Interest on securities."

(2) Any person responsible for paying any income chargeable under the head "Salaries" shall at the time of payment, deduct income-tax on the amount payable, at the rate applicable to the estimated income of the assessee under this head :

Provided that such person may, at the time of making any deduction, increase or reduce the amount to be deducted under this sub-section for the purpose of adjusting any excess or deficiency arising out of any previous deduction or failure to deduct.

(3) The person responsible for paying any income chargeable under the head "Interest on securities" shall at the time of payment, deduct income-tax on the amount of the interest payable at the maximum rate.

(4) All sums deducted in accordance with the provisions of this section shall, for the purpose of computing the income of an assessee, be deemed to be income received.

(5) Any deduction made in accordance with the provisions of this section shall be treated as a payment of income-tax on behalf of the person from whose income the deduction was made, or of the owner of the security, as the case may be, and credit shall be given to him therefor in the assessment, if any, made for the following year under this Regulation :

Provided that, if such person or such owner obtains, in accordance with the provisions of this Regulation a refund of any portion of the tax so deducted, no credit shall be given for the amount of such refund.

(6) All sums deducted in accordance with the provisions of this section shall be paid within the prescribed time by the person making the deduction to the credit of the Government of Mysore, or as the Government directs.

(7) If any such person does not deduct and pay the tax as required by this section, he shall, without prejudice to any other consequences which he may incur, be deemed to be personally in default in respect of the tax.

(8) The power to levy by deduction under this section shall be without prejudice to any other mode of recovery.

(9) Every person deducting income-tax in accordance with the provisions of sub-section (3) shall at the time of payment of interest, furnish to the person to whom the interest is paid a certificate to the effect that income-tax has been deducted, and specifying the amount so deducted, the rate at which the tax has been deducted, and such other particulars as may be prescribed.

Payment in other cases.

19. In the case of income chargeable under any other head than those mentioned in sub-section (1) of section 18, and in any case where income-tax has not been deducted in accordance with the provisions of that section, the tax shall be payable by the assessee direct.

Certificate by company to shareholders receiving dividends.

20. The principal officer of every company shall, at the time of distribution of dividends, furnish to every person receiving a dividend a certificate to the effect that the company has paid or will pay income-tax on the profits which are being distributed, and specifying such other particulars as may be prescribed.

Annual return.

21. The prescribed person in the case of every Government office, and the principal officer or the prescribed person in the case of every local authority, company, or other public body or association, and every private employer shall prepare, and, within thirty days from the 30th day of June in each year, deliver or cause to be delivered to the Income-tax Officer in the prescribed form, a return in writing showing—

(a) the name and, so far as it is known, the address, of every person who was receiving on the said 30th day of June, or has received during the year ending on that date, from the authority, company, body, association or private employer, as the case may be, any income chargeable under the head "Salaries" of such amount as may be prescribed;

(b) the amount of the income so received by each such person, and the time or times at which the same was paid;

(c) the amount deducted in respect of income-tax from the income of each such person.

Return of income.

22. (1) The principal officer of every company shall prepare, and, on or before the fifteenth day of September in each year, furnish to the Income-tax Officer a return, in the prescribed form and verified in the prescribed manner, of the total income of the company during the previous year;

Provided that the Income-tax Officer may, in his discretion, extend the date for the delivery of the return in the case of any company or class of companies.

(2) In the case of any person other than a company whose total income is, in the Income-tax Officer's opinion, of such an amount as to render such person liable to income-tax, the Income-tax Officer shall serve a notice upon him requiring him to furnish, within such period, not being less than thirty days as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth (along with such other particulars as may be provided for in the notice) his total income during the previous year.

(3) If any person has not furnished a return within the time allowed by or under sub-section (1) or sub-section (2), or having furnished a return under either of those sub-sections, discovers any omission or wrong statement therein, he may furnish a return or a revised return, as the case may be, at any time before the assessment is made, and any return so made shall be deemed to be a return made in due time under this section.

(4) The Income-tax Officer may serve on the principal officer of any company or on any person upon whom a notice has been served under sub-section (2) a notice requiring him, on a date to be therein specified, to produce, or cause to be produced, such accounts or documents as the Income-tax Officer may require :

Provided that the Income-tax Officer shall not require the production of any accounts relating to a period more than three years prior to the previous year.

Assessment.

23. (1) If the Income-tax Officer is satisfied that a return made under section 22 is correct and complete, he shall assess the total income of the assessee and shall determine the sum payable by him on the basis of such return.

(2) If the Income-tax Officer has reason to believe that a return made under section 22 is incorrect or incomplete he shall serve on the person who made the return a notice requiring him, on a date to be therein specified, either to attend at the Income-tax Officer's Office or, to produce, or to cause to be there produced, any evidence on which such person may rely in support of the return.

(3) On the day specified in the notice issued under sub-section (2), or as soon afterwards as may be, the Income-tax, Officer, after hearing such evidence as such person may produce and such other evidence as the Income-tax Officer may require, on specified points, shall, by an order, in writing, assess the total income of the assessee, and determine the sum payable by him on the basis of such assessment.

(4) If the principal officer of any company or any other person fails to make a return under sub-section (1) or sub-section (2) of section 22, as the case may be, or fails to comply with all the terms of a notice issued under sub-section (4) of the same section or, having made a return, fails to comply with all the terms of a notice issued under sub-section (2) of this section, the Income-tax Officer shall make the assessment to the best of his judgment.

Set off of los in computing aggregate income.

24. (1) Where any assessee sustains a loss of profits or gains in any year under any of the heads mentioned in section 6, he shall be entitled to have the amount of the loss set off against his income, profits or gains under any other head in that year.

(2) Where the assessee is a registered firm, and the loss sustained cannot wholly be set off under sub-section (1), any member of such firm shall be entitled to have set off against any income, profits or gains of the year in which the loss was sustained in respect of which the tax is payable by him such amount of the loss not already set off as is proportionate to his share in the firm.

Assessment in case of discontinued business.

25. (1) Where any business, profession or vocation commenced after the 30th day of June 1923, is discontinued in any year, an assessment may be made in that year on the basis of the income, profits or gains of the period between the end of the previous year and the date of such discontinuance in addition to the assessment, if any, made on the basis of the income, profits or gains of the previous year.

(2) Any person discontinuing any such business, profession or vocation shall give the Income-tax Officer notice of such discontinuance within fifteen days thereof, and, where any person fails to give the notice required by this sub-section, the Income-tax Officer may direct that a sum shall be recovered from him by way of penalty not exceeding the amount of tax subsequently assessed on him in respect of any income, profits or gains of the business, profession or vocation up to the date of its discontinuance.

(3) Where any business, profession or vocation which was in existence at the commencement of this Regulation, and on which tax was at any time charged under the provisions of the Mysore Income-tax Regulation, 1920, is discontinued, no tax shall be payable in respect of the income, profits and gains of the period between the end of the previous year and the date of such discontinuance, and the assessee may further claim that the income, profits and gains of the previous year shall be deemed to have been the income, profits and gains of the said period. Where any such claim is made an assessment shall be made on the basis of the income, profits and gains of the said period, and if an amount of tax has already been paid in respect of the income, profits and gains of the previous year exceeding the amount payable on the basis of such assessment a refund shall be given of the difference.

(4) Where an assessment is to be made under sub-section (1) or sub-section (3), the Income-tax Officer may serve on the person whose income, profits and gains are to be assessed, or, in the case of a firm, on any person who was a member of such firm, at the time of its discontinuance, or, in the case of a company, on the principal officer thereof, a notice containing all or any of the requirements which may be included in a notice under sub-section (2) of section 22, and the provisions of this Regulation shall, so far as may be, apply accordingly as if the notice were a notice issued under that sub-section.

Change in ownership of business.

26. Where any change occurs in the constitution of a firm or where any person has succeeded to any business, profession or vocation, the assessment shall be made on the firm as constituted, or on the person engaged in the business, profession or vocation, as the case may be, at the time of the making of the assessment.

Cancellation of assessment when cause is shown.

27. Where an assessee or, in the case of a company, the principal officer thereof, within one month from the service of a notice of demand issued as hereinafter provided, satisfies the Income-tax Officer that he was prevented by sufficient cause from making the return required by section 22, or that he did not receive the notice issued under sub-section (4) of section 22, or sub-section (2) of section 23, or that he had not a reasonable opportunity to comply, or was prevented by sufficient cause from complying, with the terms of the last mentioned notices, the Income-tax Officer shall cancel the assessment and proceed to make a fresh assessment in accordance with the provisions of section 23.

Penalty for concealment of income.

28. (1) If the Income-tax Officer, the Deputy Commissioner or the Commissioner in the course of any proceedings under this Regulation, is satisfied that an

assessee has concealed the particulars of his income, or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, he may direct that the assessee shall, in addition to the income-tax payable by him, pay by way of penalty, a sum not exceeding the amount of income-tax which would have been avoided if the income so returned by the assessee had been accepted as the correct income.

Provided that no such order shall be made, unless the assessee has been heard, or has been given a reasonable opportunity of being heard.

Provided further, that no prosecution for an offence against this Regulation shall be instituted in respect of the same facts on which a penalty has been imposed under this section.

(2) *The* Deputy Commissioner or *the* Commissioner who has made an order under sub-section (1) shall forthwith send a copy of the same to the Income-tax Officer.

Notice of demand.

29. When the Income-tax Officer has determined a sum to be payable by an assessee under section 23, or when an order has been passed under sub-section 2 of section 25 or section 28 for the payment of a penalty, the Income-tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum so payable.

Appeal against assessment under this Regulation.

30. (1) Any assessee objecting to the amount or rate at which he is assessed under section 23 or section 27, or denying his liability to be assessed under this Regulation, or objecting to a refusal of an Income-tax Officer to make a fresh assessment under section 27, or to any order against him under sub-section (2) of section 25 or section 28, made by an Income-tax Officer, may appeal to the Deputy Commissioner against the assessment or against such refusal or order:

Provided that no appeal shall lie in respect of an assessment made under sub-section (4) of section 23, or under that sub-section read with section 27.

(2) The appeal shall ordinarily be presented within thirty days of receipt of the notice of demand relating to the assessment or penalty objected to, or of the date of the refusal to make a fresh assessment under section 27, as the case may be; but the Deputy Commissioner may admit an appeal after the expiration of the period if he is satisfied that the appellant had sufficient cause for not presenting it within that period.

(3) The appeal shall be in the prescribed form, and shall be verified in the prescribed manner.

Hearing of appeal.

31. (1) The Deputy Commissioner shall fix a day and place for the hearing of the appeal, and may from time to time adjourn the hearing.

(2) The Deputy Commissioner may, before disposing of any appeal, make such further inquiry as he thinks fit, or cause further inquiry to be made by the Income-tax Officer.

(3) In disposing of an appeal the Deputy Commissioner may, in the case of an order of assessment,—

(*a*) confirm, reduce, enhance or annul the assessment, or

(*b*) set aside the assessment and direct the Income-tax Officer to make a fresh assessment after making such further inquiry as the Income-tax Officer thinks fit or the Deputy Commissioner may direct and the Income-tax Officer shall thereupon proceed to make such fresh assessment;

or, in the cases of an order under sub-section (2) of section 25 or section 28,

(*c*) confirm, cancel or vary such order;

Provided that the Deputy Commissioner shall not enhance an assessment unless the appellant has had a reasonable opportunity of showing cause against such enhancement.

Appeals against orders of Deputy Commissioner

32. (1) Any assessee objecting to an order passed by a Deputy Commissioner under section 28 or to an order enhancing his assessment under sub-section (3) of section 31, may appeal to the Commissioner within thirty days of the making of such order.

(2) The appeal shall be in the prescribed form and shall be verified in the prescribed manner.

(3) In disposing of the appeal the Commissioner may, after giving the appellant an opportunity of being heard, pass such orders thereon as he thinks fit.

Power of review.

33. (1) The Commissioner may call for the record of any proceeding under this Regulation which has been taken by any authority subordinate to him, *or by himself when exercising the powers of a Deputy Commissioner under sub-section (2) of section 5.*

(2) On receipt of the record the Commissioner may make such inquiry or cause such inquiry to be made and subject to the provisions of this Regulation may pass such orders thereon as he thinks fit:

Provided that he shall not pass any order prejudicial to an assessee without hearing him or giving him a reasonable opportunity of being heard.

Income escaping assessment.

34. If for any reason, income, profits or gains chargeable to income-tax has escaped assessment in any year, or has been assessed at too low a rate, the Income-tax Officer may, at any time within one year of the end of that year, serve on the person liable to pay tax on such income, profits or gains, or, in the case of a company, on the principal officer thereof a notice containing all or any of the requirements which may be included in a notice under sub-section (2) of section 22, and may proceed to assess or re-assess such income, profits or gains, and the provisions of this Regulation shall, so far as may be, apply accordingly as if the notice were a notice issued under that sub-section:

Provided that the tax shall be charged at the rate at which it would have been charged had the income, profits or gains, not escaped assessment or full assessment, as the case may be.

Rectification of mistake.

35. (1) The Income-tax Officer may, at any time within one year from the date of any demand made upon an assessee, on his own motion rectify any mistake apparent from the record of the assessment, and shall within the like period rectify any such mistake which has been brought to his notice by such assessee:

Provided that no such rectification shall be made, having the effect of enhancing an assessment unless the Income-tax Officer has given notice to the assessee of his intention so to do and has allowed him a reasonable opportunity of being heard.

(2) Where any such rectification has the effect of reducing the assessment, the Income-tax Officer shall make any refund which may be due to such assessee.

(3) Where any such rectification has the effect of enhancing the assessment, the Income-tax Officer shall serve on the assessee a notice of demand in the prescribed form specifying the sum payable, and such notice of demand shall be deemed to be issued under section 29, and the provisions of this Regulation shall apply accordingly.

Tax to be calculated to nearest anna.

36. In the determination of the amount of tax or of a refund payable under this Regulation fractions of an anna less than six pies shall be disregarded, and fractions of an anna equal to or exceeding six pies shall be regarded as one anna.

Power to take evidence on oath, etc.

37. The Income-tax Officer, Deputy Commissioner and Commissioner shall for the purposes of this Chapter, have the same powers as are vested in a Court under the Code of Civil Procedure, 1911, when trying a suit in respect of the following matters, namely :—

(*a*) enforcing the attendance of any person and examining him on oath or affirmation :

(*b*) compelling the production of documents ; and

(*c*) issuing commissions for the examination of witnesses ;

and any proceeding before an Income-tax Officer, Deputy Commissioner or Commissioner under this Chapter shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code.

Power to call for information.

38. The Income-tax Officer or Deputy Commissioner may, for the purposes of this Regulation :

(1) require any firm, or Hindu undivided family to furnish him with a return of the members of the firm, or of the manager or adult male members of the family, as the case may be, and of their addresses ;

(2) require any person whom he has reason to believe to be a trustee, guardian, or agent, to furnish him with a return of the names of the persons for or of whom he is trustee, guardian, or agent, and of their addresses.

Power to inspect the register of members of any company

39. The Income-tax Officer or Deputy Commissioner, or any person authorised in writing in this behalf by the Income-tax Officer or Deputy Commissioner, may inspect and, if necessary, take copies, or cause copies to be taken, of any register of the members, debenture-holders or mortgagees of any company or of any entry in such register.

CHAPTER V.

LIABILITY IN SPECIAL CASES.

Guardians, trustees and agents.

40. In the case of any guardian, trustee or agent of any person being a minor, lunatic or idiot or residing out of Mysore (all of which persons are hereinafter in this section included in the term beneficiary) being in receipt on behalf of such beneficiary of any income, profits or gains chargeable under this Regulation, the tax shall be levied upon and recoverable from such guardian, trustee or agent as the case may be in like manner and to the same amount as it would be leviable upon and recoverable from any such beneficiary if of full age, sound mind or resident in Mysore, and in direct receipt of such income, profits or gains, and all the provisions of this Regulation shall apply accordingly.

Administrator-General of Madras, receiver or Manager.

41. In the case of income, profits or gains chargeable under this Regulation which are received by the Administrator-General, Madras, under Regulation IV of 1910, or by any receiver or manager (including any person whatever his designation who in fact manages property on behalf of another) appointed by or under any order of a Court, the tax shall be levied upon and recoverable from such Administrator-General, receiver or manager in the like manner and to the same amount as it would be leviable upon and recoverable from any person on whose behalf such income, profits or gains are received, and all the provisions of this Regulation shall apply accordingly.

Non-residents

42. (1) In the case of any person residing out of Mysore, all profits or gains accruing or arising to such person, whether directly or indirectly, through or from any business connection or property in Mysore, shall be deemed to be income accuring or arising within Mysore, and shall be chargeable to income-tax in the name of the agent of any such person, and such agent shall be deemed to be, for all the purposes of this Regulation, the assessee in respect of such income-tax:

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Regulation from any assets of the non-resident person which are, or may at any time come, within Mysore.

(2) Where a person not resident in Mysore, and not being a subject of His Highness the Maharaja *or a British subject* or a firm or a company constituted within Mysore or His Majesty's dominions or a branch thereof, carries on business with a person resident in Mysore and it appears to the Income-tax Officer or the Deputy Commissioner, as the case may be, that owing to the close connection between the resident and the non-resident person and to the substantial control exercised by the non-resident over the resident, the course of business between those persons is so arranged, that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise in that business, the profits derived therefrom or which may reasonably be deemed to have been derived therefrom, shall be chargeable to income-tax in the name of the resident person who shall be deemed to be, for all the purpose of this Regulation, the assessee in respect of such income-tax.

Agent to include persons treated as such.

43. Any person employed by or on behalf of a person residing out of Mysore, or having any business connection with such person or through whom such person is in the receipt of any income, profits or gains upon whom the Income-tax Officer has caused a notice to be served of his intention of treating him as the agent of the non-resident person shall, for all the purposes of this Regulation, be deemed to be such agent :

Provided that no person shall be deemed to be the agent of a non-resident person, unless he has had an opportunity of being heard by the Income-tax Officer as to his liability.

Liability in case of a discontinued firm or partnership.

44. Where any business, profession or vocation carried on by a firm has been discontinued, every person who was at the time of such discontinuance a member of such firm shall be jointly and severally liable for the amount of the tax payable in respect of the income, profits and gains of the firm.

CHAPTER VI.

Recovery of Tax and Penalties.

Tax when payable.

45. Any amount specified as payable in a notice of demand under Section 29 or an order under Section 31 or Section 32 or Section 33, shall be paid within the time, at the place and to the person mentioned in the notice or order, or if a time is not so mentioned, then on or before the first day of the second month following the date of the service of the notice or order, and any assessee failing so to pay shall be deemed to be in default, provided that, when an assessee has presented an appeal under Section 30, the Income-tax Officer may in his discretion treat the assessee as not being in default as long as such appeal is undisposed of.

Mode and time of recovery.

46. (1) When an assessee is in default in making a payment of income-tax, the Income-tax Officer may in his discretion direct that, in addition to the amount of the arrears, a sum not exceeding that amount shall be recovered from the assessee by way of penalty.

(2) The Income-tax Officer may forward to the Deputy Commissioner of the District a certificate under his signature specifying the amount of arrears due from an assessee, and the Deputy Commissioner of the District, on receipt of such certificate, shall proceed to recover from such assessee the amount specified therein as if it were an arrear of land revenue.

(3) In any area with respect to which the *Government* has directed that any arrears may be recovered by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in Mysore, the Income-tax Officer may proceed to recover the amount due by such process.

(4) The Commissioner may direct by what authority any powers or duties incident under any such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub-section (3).

(5) If any assessee is in receipt of any income chargeable under the head "Salaries," the Income-tax Officer may require any person paying the same to deduct from any payment subsequent to the date of such requisition, any arrears due from such assessee, and such person shall comply with any such requisition, and shall pay the sums so deducted to the credit of the Government, or as the Government directs.

(6) The Government may direct, with respect to any specified area, that income-tax shall be recovered therein, with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered.

(7) Save in accordance with the provisions of sub-section (1) of section 42, no proceedings for the recovery of any sum payable under this Regulation shall be commenced after the expiration of one year, from the last day of the year in which any demand is made under this Regulation.

Recovery of penalties.

47. (1) Any sum imposed by way of penalty under the provisions of sub-section (2) of section 25, section 28, or sub-section (1) of section 46, shall be recoverable in the manner provided in this Chapter for the recovery of arrear of tax.

CHAPTER VII.

REFUNDS.

Refunds.

48. (1) If a shareholder in a company who has received any dividend therefrom satisfies the Income-tax Officer that the rate of income-tax applicable to the profits or gains of the company at the time of the declaration of such dividend is greater than the rate applicable to his total income of the year in which such dividend was declared, he shall, on production of the certificate received by him under the provisions of Section 20, be entitled to a refund on the amount of such dividend (including the amount of the tax thereon) calculated at the difference between those rates.

(2) If a member of a registered firm satisfies the Income-tax Officer that the rate of income-tax applicable to his total income of the previous year was less than the rate at which income-tax has been levied on the profits or gains of the firm of that year, he shall be entitled to a refund on his share of those profits or gains calculated at the difference between those rates.

(3) If the owner of a security from the interest on which, or any person from whose salary, income-tax has been deducted in accordance with the provisions of section 18, satisfies the Income-tax Officer that the rate of income-tax applicable to his total income of the previous year was less than the rate at which income-tax has been charged in making such deduction in that year, he shall be entitled to a refund on the amount of interest or salary from which such deduction has been made calculated at the difference between those rates.

Relief in respect of United Kingdom income-tax.

49. (1) If any person who has paid Mysore income-tax for any year on any part of his income proves to the satisfaction of the Income-tax Officer that he has paid United Kingdom income-tax for that year in respect of the same part of his income, and that the rate at which he was entitled to, and has obtained, relief under the provisions of section 27 of the Finance Act, 1920, is less than the Mysore rate of tax charged in respect of that part of his income, he shall be entitled to a refund of a sum calculated on that part of his income at a rate equal to the difference between the Mysore rate of tax and the rate at which he was entitled to, and obtained, relief under that section:

10 and 11 Geo. V. Ch. 18.

Provided that the rate at which the refund is to be given shall not exceed one-half of the Mysore rate of tax.

(2) In sub-section (1)—

(a) the expression "Mysore income-tax" means income-tax and super-tax charged in accordance with the provisions of this Regulation;

(b) the expression "Mysore rate of tax" means the amount of the Mysore income-tax divided by the income on which it was charged;

(c) the expression "United Kingdom income-tax" means income-tax and super-tax chargeable in accordance with the provisions of the Income-tax Acts.

Limitation of claims for refund.

50. No claim to any refund of income-tax under this Chapter shall be allowed, unless it is made within one year from the last day of the year in which the tax was recovered.

CHAPTER VIII.

OFFENCES AND PENALTIES.

Failure to make payments or deliver returns or statements or allow inspection.

51. If a person fails without reasonable cause or excuse—

(a) to deduct and pay any tax as required by section 18 or under sub-section (5) of section 46;

(b) to furnish a certificate required by sub-section (9) of section 18 or by section 20 to be furnished;

(c) to furnish in due time any of the returns mentioned in section 21, section 22, or section 38;

(d) to produce, or cause to be produced, on or before the date mentioned in any notice under sub-section (4) of section 22, such accounts and documents as are referred to in the notice;

(e) to grant inspection or allow copies to be taken in accordance with the provisions of section 39,

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

False statement in declaration.

52. If a person makes a statement in a verification mentioned in section 22, or sub-section (3) of section 30, or sub-section (2) of section 32 which is false, and which he either knows or believes to be false, or does not believe

to be true, he shall be deemed to have committed the offence described in Section 177 of the Indian Penal Code.

Prosecution to be at the instance of Deputy Commissioner.

53. (1) A person shall not be proceeded against for an offence under section 51 or section 52 except at the instance of the Deputy Commissioner.

(2) The Deputy Commissioner may stay any such proceeding or compound any such offence.

Disclosure of information by a public servant.

54. (1) All particulars contained in any statement made, return furnished or accounts or documents produced under the provisions of this Regulation, or in any evidence given, or affidavit or deposition made, in the course of any proceedings under this Regulation other than proceedings under this Chapter, or in any record of any assessment proceeding, or any proceeding relating to the recovery of a demand, prepared for the purposes of this Regulation, shall be treated as confidential, and, notwithstanding anything contained in the Indian Evidence Act, 1872, no Court shall, save as provided in this Regulation, be entitled to require any public servant to produce before it any such return, accounts, documents or record or any part of any such record, or to give evidence before it in respect thereof.

(2) If a public servant discloses any particulars contained in any such statement, return, accounts, documents, evidence, affidavit, deposition or record, he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine:

Provided that nothing in this section shall apply to the disclosure—

(*a*) of any such particulars for the purposes of a prosecution under Section 193 of the Indian Penal Code in respect of any such statement, return, accounts, documents, evidence, affidavit or deposition, or for the purposes of a prosecution under this Regulation; or

(*b*) of any such particulars to any person acting in the execution of this Regulation where it is necessary to disclose the same to him for the purposes of the Regulation; or

(*c*) of any such particulars occasioned by the lawful employment under this Regulation of any process for the service of any notice or the recovery of any demand, or

(*d*) *of such facts, to an authorised officer of the United Kingdom, as may be necessary to enable relief to be given under section 27 of the Finance Act, 1920, or a refund to be given under section 49 of this Regulation.*

10 and 11 Geo. V, Ch. 18.

Provided, further, that no prosecution shall be instituted under this section except with the previous sanction of the Commissioner.

CHAPTER IX.

SUPER-TAX.

Charge of super-tax.

55. In addition to the income-tax charged for any year, there shall be charged, levied and paid for that year in respect of the total income of the previous year of any individual, unregistered firm, Hindu undivided family or company, an additional duty of income-tax (in this Regulation referred to as super-tax) at the rate or rates laid down in Schedule II.

Provided that, where the profits and gains of an unregistered firm have been assessed to super-tax, super-tax shall not be payable by an individual having a share in the firm in respect of the amount of such profits and gains which is proportionate to his share.

Total income for purposes of super-tax.

56. Subject to the provisions of this Chapter, the total income of any individual, unregistered firm, Hindu undivided family or company shall, for the purposes of super-tax, be the total income as assessed for the purposes of income-tax; and where an assessment of total income has become final and conclusive for the purposes of income-tax for any year, the assessment shall also be final and conclusive for the purposes of super-tax for the same year.

Non-resident partners and shareholders.

57. (1) In the case of any assessee residing out of Mysore who is a member of a registered firm, and whose share of the profits from such firm is liable to super-tax, the remaining members of such firm who are resident in Mysore shall be jointly and severally liable to pay the super-tax due from the non-resident member in respect of such share.

(2) Where any assessee who is liable to pay super-tax on the amount of the dividends receivable by him from any company is, to the knowledge of the principal officer of the company, residing out of Mysore the principal officer shall be liable to pay the super-tax due by such non-resident person in respect of the dividends received by him from the company and shall have power to deduct the amount of such super-tax from the amount payable by the company to such assessee.

(3) Where any person pays any tax under the provisions of this section on account of an assessee who is residing out of Mysore, credit shall be given therefor in determining the amount of the tax to be payable by any agent of such non-resident assessee under the provisions of sections 42 and 43.

Application of Regulation to super-tax.

58. (1) All the provisions of this Regulation, except section 3, the proviso to sub-section (1) of section 7, the proviso to section 8, sub-section (2) of section 14, and sections 15, 17, 18, 19, 20, 21 and 48 shall apply, so far as may be, to the charge, assessment, collection and recovery of super-tax.

(2) Save as provided in section 57, super-tax shall be payable by the assessee direct.

CHAPTER IX.

MISCELLANEOUS.

Power to make rules.

59. (1) The Government may make rules for carrying out the purposes of this Regulation and for the ascertainment and determination of any class of income. Such rules may be made for the whole of Mysore or for such part thereof as may be specified.

(2) Without prejudice to the generality of the foregoing power, such rules may—

(*a*) prescribe the manner in which, and the procedure by which, the income, profits and gains shall be arrived at in the case of—

(*i*) incomes derived in part from agriculture and in part from business;

(*ii*) insurance companies;

(*iii*) persons residing out of Mysore;

(*b*) prescribe the procedure to be followed on applications for refunds;

(*c*) provide for any matter which by this Regulation is to be prescribed.

(3) The power to make rules conferred by this section shall, except on the first occasion of the exercise thereof be subject to the condition of previous publication.

(4) Rules made under this section shall be published in the Official Gazette and shall thereupon have effect as if enacted in this Regulation.

Power to call for and examine the records of proceedings of Income-tax authorities.

59A. *The Government may call for and examine the records of the proceedings of any Income-tax authority for the purpose of satisfying itself as to the legality or propriety of any decision or order passed and as to the regularity of the proceedings of such authority.*

If in any case it shall appear to the Government that any decision or order or proceedings of such authority should be modified, annulled, or reversed, the Government may pass such orders, not inconsistent with this Regulation, as it deems fit.

Provided that it shall not annul modify or alter in any way an order passed by the Commissioner under section 66.

Power to make exemptions, etc.

60. The Government may by notification in the Official Gazette make an exemption, reduction in rate or orther modification, in respect of income-tax in favour of any class of income, or in regard to the whole or any part of the income of any class of persons.

Appearance by authorised representative.

61. Any assessee, who is entitled or required to attend before any income-tax authority in connection with any proceedings under this Regulation may attend either in person or by any person authorised by him in writing in this behalf.

Receipt to be given.

62. A receipt shall be given for any money paid or recovered under this Regulation.

Service of notices.

63. (1) A notice or requisition under this Regulation may be served on the person therein named either by post or, as if it were a summons issued by a Court under the Code of Civil Procedure, 1911.

(2) Any such notice or requisition may, in the case of a firm or a Hindu undivided family, be addressed to any member of the firm or the manager, or any adult male member of the family.

Place of assessment.

64. (1) Where an assessee carries on business at any place, he shall be assessed by the Income-tax Officer of the area in which that place is situate or, where the business is carried on in more places that one, by the Income-tax Officer of the area in which his principal place of business is situate.

(2) In all other cases an assessee shall be assessed by the Income-tax Officer of the area in which he resides.

(3) Where any question arises under this section as to the place of assessment, such question shall be determined by the Commissioner.

Provided that, before any such question is determined, the assessee shall have had an opportunity of representing his views.

(4) Notwithstanding anything contained in this section, every Income-tax Officer shall have all the powers conferred by or under this Regulation on an Income-tax Officer in respect of any income, profits or gains accruing or arising or received within the area for which he is appointed.

Indemnity

65. Every person deducting, retaining or paying any tax in pursuance of this Regulation in respect of income belonging to another person is hereby indemnified for the deduction, retention or payment thereof.

Statement of case by Commissioner to Chief Court.

66. (1) If in the course of any assessment under this Regulation or any proceeding in connection therewith other than a proceeding under Chapter VIII, a question of law arises, the Commissioner may, either on his own motion or on reference from any Income-tax authority subordinate to him, draw up a statement of the case and refer it with his own opinion thereon to the Chief Court.

(2) Within one month of the passing of an order under section 31 or section 32, the assessee in respect of whom the order was passed may by application accompanied by a fee of one hundred rupees or such lesser sum as may be prescribed, require the Commissioner to refer to the Chief Court any question of law arising out of such order, and the Commissioner shall, within one month of the receipt of such application, draw up a statement of the case and refer it with his own opinion thereon to the Chief Court.

Provided that, if, in exercise of his power of review under Section 33, the Commissioner decides the question, the assessee may withdraw his application, and if he does so, the fee paid shall be refunded.

Provided further that the Commissioner shall refund the fee paid, if the decision of the Chief Court, on a reference made under this section, is in favour of the assessee.

(3) If, on any application being made under sub-section (2), the Commissioner refuses to state the case on the ground that no question of law arises, the assessee may apply to the Chief Court, and the Chief Court, if is not satisfied of the correctness of the Commissioner's decision, may require the Commissioner to state the

case and to refer it, and, on receipt of any such requisition, the Commissioner shall state and refer the case accordingly.

(4) If the Chief Court is not satisfied that the statements in a case referred under this section are sufficient to enable it to determine the question raised thereby, the Court may refer the case back to the Commissioner to make such additions thereto or alterations herein as the Court may direct in that behalf.

(5) The Chief Court upon the hearing of any such case shall decide the questions of law raised thereby, and shall deliver its judgment thereon containing the grounds on which such decision is founded, and shall send to the Commissioner copy of such judgment under the seal of the Court and the signature of the Registrar, and the Commissioner shall dispose of the case accordingly, or, if the case arose on a reference from any Income-tax authority subordinate to him, shall forward a copy of such judgment to such authority who shall dispose of the case conformably to such judgment.

(6) Where a reference is made to the Chief Court on the application of an assessee, the costs shall be in the discretion of the Court.

(7) Notwithstanding that a reference has been made under this section to the Chief Court, Income-tax shall be payable in accordance with the assessment made in the case.

Provided that, if the amount of an assessment is reduced as a result of such reference, the amount overpaid shall be refunded with such interest as the Commissioner may allow.

Bar of suits in Civil Court.

67. No suit shall be brought in any Civil Court to set aside or modify any assessment made under this Regulation and no prosecution, suit or other proceeding shall lie against any Government Officer for anything in good faith done or intended to be done under this Regulation.

Repeals.

68. The Mysore Income-tax Regulation, 1920, is hereby repealed;

Provided that such repeal shall not affect the liability of any person to pay any sum due from him or any existing right of refund under the said enactment;

Provided, further, that the provisions of Section 19 of the Mysore Income-tax Regulation, 1920, shall apply, so far as may be, to all assessments made under that Regulation in the year ending on the 30th day of June *1923* and where an adjustment shall be made under the provisions of Section 19 of the said Regulation, the provisions of this Regulation regarding the procedure for the assessment and recovery of income-tax shall apply as if such adjustment were an assessment made under this Regulation.

SCHEDULE I.

RATE OF INCOME-TAX.

(*Section* 3.)

A. In the case of every individual, every unregistered firm and every undivided Hindu family :—

(1) When the total income is less than Rs. 2,400	Nil.
(2) When the total income is Rs. 2,400 or upwards but less than Rs. 9,000	3 pies in the rupee
(3) When the total income is Rs. 9,000 or upwards but is less than Rs. 25,000	4½ pies in the rupee
(4) When the total income is Rs. 25,000 or upwards but is less than Rs. 40,000	6 pies in the rupee
(5) When the total income is Rs. 40,000 or upwards but is less than Rs. 50,000	9 pies in the rupee.
(6) When the total income is Rs. 50,000 or upwards	1 anna in the rupee.
B. In the case of every company and every registered firm, on all incomes not below Rs. 2,400	1 anna in the rupee.

SCHEDULE II.

RATES OF SUPER-TAX.

(*Section* 55.)

In respect of the excess over fifty thousand rupees of total income :—

(1) Companies, unregistered firms and individuals	one anna in the rupee.
(2) Undivided Hindu families—	
(*a*) in respect of the first twenty-five thousand rupees of the excess	Nil.
(*b*) in respect of the balance of the excess	one anna in the rupee.